

AMENDED IN ASSEMBLY APRIL 21, 2005

CALIFORNIA LEGISLATURE—2005–06 REGULAR SESSION

ASSEMBLY BILL

No. 1694

Introduced by Assembly Member Leno

February 22, 2005

An act to add ~~Section~~ *Sections 1785.11.5 and 1785.15.5* to the Civil Code, relating to consumer credit reporting.

LEGISLATIVE COUNSEL'S DIGEST

AB 1694, as amended, Leno. Consumer credit reporting.

Existing law requires a consumer credit reporting agency to place a security freeze on a consumer's credit report upon the consumer's written request, subject to various requirements. Existing law also requires agencies that own or license computerized data that includes personal information to disclose security breaches to California residents whose personal information may have been acquired by an unauthorized person.

This bill would require a consumer credit reporting agency, upon the request of a consumer whose personal information was breached by a computerized data system, to place a security freeze on the consumer's credit report without charge to the consumer for this service. The bill would authorize the consumer credit reporting agency to charge the agency responsible for the breach, and would require the consumer to submit a copy of notification of the breach to the consumer credit reporting agency, as a condition of receiving the security freeze. The bill would make related findings and declarations of the Legislature.

Existing law requires every consumer credit reporting agency to provide a victim of identity theft, upon request and the receipt of a police report or a valid investigative report, as specified, up to 12 free

copies of his or her file during a consecutive 12-month period, not to exceed one copy per month, following the date of the police report.

This bill would require a consumer credit reporting agency to notify each consumer who is the subject of a consumer credit report of each instance that a new account is entered on the consumer's report *if the address on the credit application is different from the last address on record held by the consumer credit reporting agency.*

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 *SECTION 1. The Legislature finds and declares all of the*
2 *following:*
3 *(a) The substantial breaches of data in the case of*
4 *ChoicePoint and other recent data breach cases demonstrate the*
5 *increasing vulnerability of consumers to fraud and identity theft.*
6 *(b) That vulnerability leads to the need for consumers to find*
7 *means of limiting access to new credit accounts that might be*
8 *fraudulently opened in their name.*
9 *(c) California has provided consumers with the ability to place*
10 *a security freeze on their accounts, but they are charged for*
11 *those even if they have been exposed to potential fraud or identity*
12 *theft due to the mishandling of their consumer data.*
13 *(d) Therefore, it is the intent of the Legislature to inform*
14 *consumers when account activity takes place, and permit the*
15 *placement of a security freeze on their accounts without charge*
16 *when they have been notified of a breach of their data.*
17 *SEC. 2. Section 1785.11.5 is added to the Civil Code, to read:*
18 *1785.11.5. (a) A consumer who receives notification that a*
19 *breach of his or her personal information has occurred pursuant*
20 *to Section 1798.29 is entitled to place a security freeze on his or*
21 *her credit report, as set forth in Section 1785.11.2.*
22 *(b) The consumer credit reporting agency shall not charge the*
23 *consumer for a security freeze placed pursuant to subdivision*
24 *(a), but may charge the agency that is responsible for the breach*
25 *for the reasonable costs for placing a security freeze on the*
26 *consumer's credit report.*

1 (c) *As a condition of receiving a security freeze, the consumer*
2 *shall submit a copy of the notification required by Section*
3 *1798.29 to the consumer credit reporting agency.*

4 ~~SECTION 1.~~

5 SEC. 3. Section 1785.15.5 is added to the Civil Code, to read:

6 1785.15.5. (a) A consumer credit reporting agency shall
7 notify each consumer who is the subject of a consumer credit
8 report of each instance that a new account is entered on the
9 consumer's report, *if the address on the credit application is*
10 *different from the last address of record held by the consumer*
11 *credit reporting agency.*

12 (b) *The notice required pursuant to subdivision (a) shall be*
13 *sent to the consumer at the last address of record held by the*
14 *consumer credit reporting agency.*

15 (c) For purposes of this section, a "new account" does not
16 include any preexisting delinquency or a new entry of
17 information already included in some form on the consumer's
18 report.